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In the Supreme Court of the United States

KSR INTERNATIONAL CO.,

Petitioner,

v.

TELEFLEX INC. and
TECHNOLOGY HOLDING CO.,

Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF OF PROFESSOR LEE A. HOLLAAR AS *AMICUS CURIAE* URGING AFFIRMING IN PART AND VACATING IN PART

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Brief Of Professor Lee A. Hollaar As Amicus Curiae Urging Affirming In Part And Vacating In Part[1]

Interest Of The Amicus Curiae

Lee A. Hollaar is a professor in the School of Computing at the University of Utah, where he teaches courses in computer and intellectual property law and computer systems and networking. He is the author of *Legal Protection of Digital Information*,[2] and was a committee fellow with the Senate Committee on the Judiciary, where he worked on patent reform legislation and what became the Digital Millennium Copyright Act, and was a visiting scholar at the Court of Appeals for the Federal Circuit.

As a Registered Patent Agent involved with the prosecution of patent applications since 1989, he is concerned that retreating from requiring a reason to combine references

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[1] In accordance with Supreme Court Rule 37.6, counsel listed on the cover states that this brief was authored by amicus curiae Professor Hollaar and reviewed by counsel, and that counsel to a party did not author this brief in whole or in part. No person other than the amicus curiae made a monetary contribution to the preparation or submission of this brief.

Blanket consents to the filing of amicus briefs have been previously filed with the Court by the parties.

Professor Hollaar wishes to thank his research assistant, John Knight, for his help in preparing this brief.

[2] BNA Books (2002), also available online at http://digital-law-online.info.

will make it difficult to rebut a hindsight reconstruction of an applicant's invention by the examiner. As an expert witness in patent litigation, he is concerned that unwarranted deference is given to facts not considered by the examiner during the patent prosecution are presented by the patent owner.

Summary Of The Argument

Section 103 of the Patent Act of 1952 added a new requirement for patentability: that the claimed invention not be "obvious at the time the invention was made to a person having ordinary skill in the art ..."[3] Because such an evaluation is prone to hindsight on the part of the patent examiner, the Court of Customs and Patent Appeals (CCPA) and its successor, the Court of Appeals for the Federal Circuit, have consistently required more than just an examiner's feeling that an invention is obvious. In particular, what is called the "Federal Circuit test" requires some objective reason, or motivation, if two or more references are to be combined to show the obviousness of a claimed invention.

Although developed in the context of appeals of the unpatentability decisions of the Patent Office, the Federal Circuit test now also applies to courts determining the validity of issued patents. But while the test is a good prophylactic against hindsight, when combined with the requirement of showing invalidity by clear and convincing evidence it becomes difficult to invalidate a patent even when prior art not considered by the examiner is brought forward.

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[3] 35 U.S.C. § 103.

The "clear and convincing evidence" requirement springs from this Court's decision in *Radio Corporation of America v. Radio Engineering Laboratories*.[4] That decision only considered the evidentiary requirement when the same case was being presented by a supposedly-new party that was really just a front for the losing party in another case. This Court used a heightened standard as a substitute for *res judicata* when another party is involved.

Lower courts have read far too much into that case, and the statutory presumption of patent validity,[5] holding that a party must show invalidity with clear and convincing evidence. While a presumption of administrative correctness[6] applies to decisions of the Patent Office, there is no reason to impose a heightened evidentiary requirement for prior art (or other fact-finding) not considered by the examiner. Such a requirement makes little sense and allows bad patents to remain in force, contrary to sound public policy.

Argument

The Patent Act of 1952 added a new condition for patentability – that the invention not be "obvious at the time the invention was made to a person having ordinary skill in

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[4] 293 U.S. 1 (1934).

[5] 35 U.S.C. § 282.

[6] "In addition to the presumption of validity, a presumption of administrative correctness attaches to the decision by the PTO to issue a patent." *Candela Laser v. Cynosure*, 862 F.Supp. 632,639 (D. Mass. 1994).

the art ..."[7] – as a replacement for the ill-defined concept of "invention." This was a codification of the requirement first formulated by this Court in *Hotchkiss v. Greenwood*.[8]

The determination of obviousness is fundamental not only during patent litigation, but also during the examination of a patent application. However, the context in which it is applied in those two instances is fundamentally different.

Examination And The *Prima Facie* Case

To shift the burden in the prosecution of a patent application from the Patent Office[9] to the applicant, the examiner must make a *prima facie* case for unpatentability.[10]

If the applicant rebuts that *prima facie* case, the burden shifts back to the examiner until a new *prima facie* case is made. This continues until the patent is granted or the rejection is final because the applicant cannot rebut the last *prima facie* case.

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[7] 35 U.S.C. § 103.

[8] 11 How. 248 (1851). For a discussion of the progression from *Hottchkiss v. Greenwood* to the present test, see John Knight, "The Motivation for the Federal Circuit Test," http:/digital-law-online.info/papers/jk/tsm.htm.

[9] "A person shall be entitled to a patent *unless* ..." 35 U.S.C. § 102 (emphasis added).

[10] For a discussion of the *prima facie* case as a procedural device and its history, see *In re Piasecki*, 745 F.2d 1468, 1471-1473 (Fed. Cir. 1984).

For rejections because of obviousness, the reason for the appeal is all too often the use of hindsight by the examiner, using the applicant's own teaching to assemble a collection of prior art documents and then claiming that the combination of those documents renders the invention obvious.

Since the prior art selected by the examiner should contain every aspect of the claimed invention (because, after all, that was the examiner's goal in the first step), there will be no difference between what is shown collectively in those documents and the claimed invention.[11] At that point, some examiners simply make a conclusory statement that it "would have been obvious for a person with ordinary skills in the art to combine the references." The examiner may go a little further, saying that all the references have some common attribute with the claimed invention, something again that is likely to be true for most inventions and the selected prior art references.[12] Or the examiner may say that the invention is

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[11] Sometimes that isn't the case. It is not uncommon for an applicant to challenge an examiner's determination of obviousness by pointing out that a particular claim element is not contained in any of the cited references, or that the examiner has misunderstood a reference, often by saying that it teaches more than it really does because the examiner has viewed the reference through the lens of the patent application.

[12] Sometimes the examiner will state that the references are "analogous art" to the claimed invention as a justification for their combination. That is a misunderstanding of the doctrine first stated by this Court in *Potts v. Creager* that prior art in a different area is to be considered only when "the new use be so analogous to the former one that the applicability of the device to its new use would occur to a person of ordinary mechanical skill ..." 155 U.S. 597, 608 (1895). Rather than being a justification for combining references in the same art, it is a reason for excluding references

"inherent" from the components that make it up. But as Judge Rich observed in *In re Adams*, "Of course it is inherent, otherwise appellant's invention would not work."[13]

None of those provide the reasoned motivation to combine the prior art references to make a *prima facie* case that the applicant can then attempt to rebut.

The Federal Circuit Test: Requiring A Reason, Or Motivation, To Combine Prior Art References

To counter the use of hindsight by an examiner when determining the obviousness of an invention, the Federal Circuit (and its predecessor, the Court of Customs and Patent Appeals) developed and refined a test that requires that the examiner provide an objective reason why a person skilled in the art would combine the prior art references.

> The PTO has the burden under section 103 to establish a *prima facie* case of obviousness. It can satisfy this burden only by showing some objective teaching in the prior art or that knowledge generally available to one of ordinary skill in the art would lead that individual to combine the relevant teachings of the references.[14]

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from other arts. "The motivation-suggestion-teaching test picks up where the analogous art test leaves off and informs the *Graham* analysis." *In re Kahn*, 441 F.3d 977, 987 (Fed. Cir. 2006).

[13] 356 F.2d 998, 1001 (CCPA 1966).

[14] *In re Fine*, 837 F.2d 1071, 1074 (Fed. Cir. 1988).

The objective reason should come from "the knowledge of one of ordinary skill in the art" of the invention, or perhaps from "the nature of the problem to be solved" by the invention.[15] It is hard to see any other source for the reason or motivation to combine references than what is known in the art and the nature of the problem.

As noted in a later case,

> the best defense against the subtle but powerful attraction of a hindsight-based obviousness analysis is rigorous application of the requirement for a showing of the teaching or motivation to combine prior art references. Combining prior art references without evidence of such a suggestion, teaching, or motivation simply takes the inventor's disclosure as a blueprint for piecing together the prior art to defeat patentability – the essence of hindsight.[16]

The Federal Circuit has noted that an objective motivation to combine "more often comes from the teachings of the pertinent references."[17] But the Federal Circuit test *does not* require a single reference provide the motivation to combine the other prior art references. The CCPA made this clear over six decades ago.

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[15] See *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999).

[16] *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999) (citations omitted).

[17] See *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999).

> Appellant contends that references may not properly be combined unless the cited art teaches how to combine the cited structures ...
>
> If appellant's contention should be sustained, then it would never be necessary to combine references to negative patentability, for if one of the references must teach the combination claimed, that reference would be a complete anticipation of the invention and there would be no occasion to combine references.[18]

The Federal Circuit test provides the applicant with objective reasons why the examiner finds the invention obvious.

> [R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. This requirement is as much rooted in the Administrative Procedure Act, which ensures due process and non-arbitrary decisionmaking, as it is in § 103.[19]

Requiring a motivation to combine allows the applicant to challenge the examiner's reasons by either showing that they are in error or by providing new evidence to rebut them. In

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[18] *In re Milne*, 140 F.2d 1003, 1003 (CCPA 1944).

[19] *In re Kahn*, 441 F.3d 977, 989 (Fed. Cir. 2006).

Graham v. John Deere Co. of Kansas City, this Court noted the nature of such new evidence.

> Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.[20]

Requiring a reason for rejecting a claim as obvious not only allows the patent applicant to rebut the examiner's *prima facie* case, but also allows the decision of the examiner to be properly reviewed, first by the Board of Patent Appeals and Interferences, then by the courts. Looking at the results of applying the test from its own perspective, the Federal Circuit noted:

> In addition to demonstrating the propriety of an obviousness analysis, particular factual findings regarding the suggestion, teaching, or motivation to combine serve a number of important purposes, including: (1) clear explication of the position adopted by the Examiner and the Board; (2) identification of the factual disputes, if any, between the applicant and the Board; and (3) facilitation of review on appeal.[21]

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[20] 383 U.S. 1, 17-18 (1966). However, for an invention that has not been commercialized at the time of the patent examination, it may be difficult or impossible to show secondary considerations like commercial success.

[21] *In re Dembiczak*, 175 F.3d 994 (Fed. Cir. 1999).

The Federal Circuit Test Gives A Wide Range Of Options In Making The *Prima Facie* Case

The Federal Circuit test allows different ways that motivation can be shown from the knowledge of those skilled in the art or the nature of the problem, although the most common way during the examination of a patent application will be prior art references that show the necessary suggestion, teaching, or motivation to combine.

But when there are not prior art references that provide the motivation to combine, other options remain available to the examiner. The Federal Circuit test particularly provides for the showing of obviousness based on "the knowledge of one of ordinary skill in the art"[22] either "explicitly or implicitly."[23] Of course, the examiner must provide objective evidence that includes a description of the person of ordinary skill in the art and why such person would have the requisite knowledge.[24]

There is no reason that an examiner unable to locate a motivating prior art reference cannot make a reasoned *prima facie* case of motivation based on either "the knowledge of one of ordinary skill in the art, or, in some cases, from the nature of the problem to be solved," as the Federal Circuit

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[22] *In re Dembiczak*, 175 F.3d 994, 999 (Fed. Cir. 1999).

[23] *Ruz v. A.B.Chance*, 234 F.3d 654, 665 (Fed. Cir. 2000).

[24] This is more common in litigation, where each side will offer expert opinions on the nature of the person with ordinary skill in the art and why such person would be motivated to combine the references (or not) to get the claimed invention.

test allows, if the invention is truly obvious under patent law.[25]

"Common Sense and Common Knowledge"

In its amicus brief urging this Court to take this case, the United States hints that the Federal Circuit test should be replaced with one that allows an examiner to reject a claim as obvious based on the examiner's "common sense and common knowledge."[26]

If "the combination was so obvious to persons skilled in the art" as the Government feels is one of the problem areas, then it should be simple for an examiner to make a *prima facie* case based on "the knowledge of one of ordinary skill in the art," an option under the Federal Circuit test, or "the nature of the problem to be solved," another option. All the Federal Circuit test requires is some objective reason, not just a conclusory statement.

Were an examiner allowed simply to state that "common sense and common knowledge" renders the invention obvious, or even provides the motivation to combine the prior art

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[25] Given that an examiner has only about twenty hours to spend on the examination of a patent from the time he or she first picks up the application until the patent is allowed or the application is finally rejected, it is not surprising that an examiner does not want to spend a great deal of time documenting the necessary fact-finding if a motivating document is not available. But that is a criticism of the performance quota for an examiner, and not a reason to lessen the Federal Circuit's requirement of a reasoned motivation to combine prior art references.

[26] Brief of the United States as Amicus Curiae, at 14.

references, it would be difficult for the applicant to rebut the examiner's *prima facie* case for obviousness. After all, who wants to tell a decision-maker like the examiner that his or her "common sense" is wrong?

Some Examiners Do Not Provide Objective Reasons For Their Rejections, Regardless Of The Test

The United States, in its amicus brief asking this Court to take this case, also mischaracterizes *In re Dembiczak*[27] as saying that a "lawn trash bag having a Halloween pumpkin design is not prima facie obvious in the absence of evidence of suggestion to combine normal trash bag with references describing pumpkin designs on paper bags."[28] That certainly sounds like an obvious patent that should not have been issued.[29]

But any problem with that patent application does not stem from the Federal Circuit test. Not only had the examiner and the Board of Patent Appeals and Interferences given no reasoned motivation to combine,

> nor does the Board make specific – or even inferential – findings concerning the identification of the relevant art, the level of ordinary skill in the art, the nature of the problem to be solved, or any other factual

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[27] 175 F.3d 994 (Fed. Cir. 2002).

[28] Brief of the United States as Amicus Curiae, at 14, n. 6.

[29] And, in fact, it appears that is the case. A search of the Patent Office's database does not turn up a utility patent being issued for that application, although it does show two design patents.

> findings that might serve to support a proper obviousness analysis.[30]

In other words, the examiner and the Board not only did not meet the requirements of the Federal Circuit test, but also this Court's *Graham* test:

> Under § 103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.[31]

The solution to the problem of bad patents being granted is not to back away from the Federal Circuit's test, whose requirement of a reasoned analysis of motivation to combine properly acts as a bulwark against hindsight reconstructions, but to require examiners actually apply the test for obviousness instead of simply making a conclusory statement that will not stand on appeal.

"A Patent Is Presumed Valid"

But there is a problem when the Federal Circuit test, developed initially by the Federal Circuit's predecessor court

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[30] 175 F.3d at 1000.

[31] *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 17 (1966).

in the context of patent prosecution, is used in litigation.[32] The problem is not with the test itself, but with the burden placed on the party attempting to show that a patented invention is obvious with "clear and convincing evidence," even when the evidence was not before the examiner during the patent's prosecution.

Section 282 of the Patent Act of 1952 states that "A patent is presumed valid. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting such invalidity."[33]

This establishes a permanent burden of going forward imposed on the challenger of a patent.[34] Unlike the *prima facie* case for obviousness that when made by a patent examiner shifts the burden from the examiner to the applicant, the burden always rests with the challenger of a patent. This simply recognizes that it is impossible for a patent owner to

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[32] The Court of Appeals for the Federal Circuit took jurisdiction for appeals in patent litigation with its establishment on October 1, 1982. See the Federal Courts Improvement Act of 1982, Pub. L. No. 97-164, 96 Stat. 25.

[33] Pub. L. No. 94-593, 66 Stat. 792. Subsequent amendments to 35 U.S.C. § 282 have separated the two sentences.

[34] For an excellent discussion of presumption of validity, see *Amer. Hoist & Derrick v. Sowa*, 725 F.2d 1350, 1358-1360 (Fed. Cir. 1984). The author of that opinion, Judge Giles Sutherland Rich, was one of the principal authors of the Patent Act of 1952, which codified the presumption of validity.

prove that there is no prior art anywhere in the world, which would be necessary to prove that a patent is valid.[35]

"Clear and Convincing Evidence"

Unlike a patent examiner trying to make a *prima facie* case for obviousness, the Federal Circuit now requires a litigant hoping to show that a patent is invalid for obviousness, as in this case, by "clear and convincing evidence,"[36] a standard substantially higher than the preponderance of the evidence required for fact-finding in most other civil litigation. That heightened evidentiary requirement is different from the presumption of validity's burden of going forward. In the words of one commentator, using a tennis analogy, "§ 282 merely determines who serves first, but does not regulate the height of the net."[37]

The requirement for clear and convincing evidence of patent invalidity stems from a misunderstanding of this Court's decision in *Radio Corporation of America v. Radio*

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[35] This is the reason why a trial court never finds that a patent is valid, but instead that, based on the evidence presented, it is "not invalid."

[36] "[T]he accused infringer must prove by clear and convincing evidence that each claim that is challenged cannot reasonably be held to be non-obvious." *Teleflex v. KSR*, 119 Fed. Appx. 282, 285 (Fed. Cir. 2005), citing *Knoll Pharm.v. Teva Pharms. USA*, 367 F.3d 1381, 1383 (Fed. Cir. 2004).

[37] Charles E. Phipps, *The Presumption of Administrative Correctness: The Proper Basis for the Clear and Convincing Evidence Standard*, 10 Fed. Cir. Bar J. 143, 160 (2000).

Engineering Laboratories,[38] a case about who was really the inventor of the two key components of radios – the use of feedback and the vacuum tube ("audion") oscillator – and the intense rivalry between De Forest and Armstrong. The opinion recounts the convoluted course of litigation between these two inventors, including Armstrong winning the interference in the Patent Office only to have it reversed by the Court of Appeals for the District of Columbia, in a role it played before the establishment of the CCPA.

"The fight was far from ended."[39] Three separate suits, in the District of Columbia, Pennsylvania, and Delaware continued the fight, with De Forest winning all three as well as at the Third Circuit. This Court summarily affirmed that decision,[40] citing *Morgan v. Daniels*:

> [W]here the question decided in the patent office is one between contesting parties as to priority of invention, the decision there made must be accepted as controlling upon that question of fact in any subsequent suit between the same parties, unless the contrary is established by testimony which in character and amount carries thorough conviction.[41]

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[38] 293 U.S. 1 (1934).

[39] 293 U.S. at 4.

[40] 278 U.S. 562 (1928).

[41] 153 U.S. 120, 125 (1894).

But Armstrong was not going to give up so easily.

> One might have supposed that controversy would have been stilled after all these years of litigation. It proved to be not so. The petitioners, after repelling every assault from within the ranks of rival claimants, found it necessary to meet a challenge from without. The respondent, Radio Engineering Laboratories, Inc., allying itself with Armstrong, who is paying its expenses, insists that the invention is at large for the reason that De Forest, who received the patents, is not the true inventor, and that Armstrong, who is the inventor, is barred by a final judgment, conclusive between himself and the pretender, from obtaining the patent that is due him, and with it an exclusive right. The evidence in this suit for an infringement is a repetition, word for word, of the evidence in the earlier suits, so far as material to the conflicting claims of Armstrong and De Forest. What has been added is so nearly negligible that, to all intents and purposes, the records are the same.[42]

But there was a problem.

> The judgments in the suits between Armstrong and De Forest and their respective assignees are not conclusive upon the respondent, a stranger to the record. This is so by force of

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[42] 293 U.S. at 6.

> the accepted limitations of the doctrine of *res judicata*.[43]

This Court resolved that problem by requiring heightened scrutiny of for the new attack made on a patent.

> A patent regularly issued, and even more obviously a patent issued after a hearing of all the rival claimants, is presumed to be valid until the presumption has been overcome by convincing evidence of error.[44]

After noting that "The force of that presumption has found varying expression in this and other courts,"[45] ranging up to "beyond reasonable doubt,"[46] this Court stated that

> Even for the purpose of a controversy with strangers there is a presumption of validity, a presumption not to be overthrown except by clear and cogent evidence. The question is whether the respondent has sustained that heavy burden.[47]

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[43] 293 U.S. at 7.

[44] 293 U.S. at 7.

[45] 293 U.S. at 7.

[46] 299 U.S. at 8, citing *Austin Machinery v. Buckeye Traction Ditcher*, 13 F.2d 697, 700 (6th Cir. 1926).

[47] 293 U.S. at 2.

Although this Court did not use the term "clear and convincing" in *Radio Corporation*, nor in the following opinions of this Court citing it,[48] lower courts have attached that evidentiary standard to this Court's opinion.[49]

Requiring evidence not considered by the Patent Office during the prosecution of the patent application or considered

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[48] *Smith v. Hall*, 301 U.S. 216, 233 (1937); *Schriber-Schroth v. Cleveland Trust*, 305 U.S. 47, 59 (1938); *Williams Mfg. v. United Shoe Machinery*, 316 U.S. 364, 392 (1942) (concurring opinion); *Director, OWCP v. Greenwich Collieries*, 512 U.S. 267, 274 (1994).

[49] Perhaps the first opinion using the phrase "clear and convincing" for the evidentiary requirement following *Radio Corporation* is *Cleveland Trust v. Schriber-Schroth*, 92 F.2d 330 (6th Cir. 1937).

> Where, as in this case, substantially all pertinent prior art has been cited against the patent, where, in hard fought interferences, novelty and invention have been challenged, and where priority of conception has been finally adjudicated only upon repeated review in both administrative and judicial forums, the patent should not be stricken down except upon very clear and convincing proof of invalidity. The weight to be given this presumption has been so recently and so thoroughly discussed, and the rule stated in all the varying formulae by which courts have announced and affirmed it, in *Radio Corporation v. Radio Laboratories*, that it is unnecessary here to repeat or to cite additional cases.

92 F.2d at 335 (citations omitted).

For a discussion of how the "clear and convincing" requirement comes into being, see Lee Hollaar and John Knight, "Unclear and Unconvincing: How a misunderstanding led to the heightened evidentiary requirement in patent litigation," http://digital-law-online.info/papers/jk/unclear.htm.

previously in litigation goes far beyond the holding in *Radio Corporation*.

The Presumption Of Administrative Competence

The presumption of administrative correctness due the Patent Office requires heightened deference – clear and convincing evidence – to the fact-finding of the examiner, as stated in the prosecution history of the patent application. But that does not mean that the same deference is due when there has been no fact-finding on a matter by the examiner.

This Court, in *Dickenson v. Zurko*,[50] noted that the Administrative Procedures Act's scope of review provision[51] requires deference be given by the courts to the fact-finding of the Patent Office. But in discussing an anomaly noted by some *amici*, this Court noted:

> An applicant denied a patent can seek review either directly in the Federal Circuit, see 35 U.S.C. § 141, or indirectly by first obtaining direct review in federal district court, see § 145. The first path will now bring about Federal Circuit court/agency review; the second path might well lead to Federal Circuit court/court review, for the Circuit now reviews Federal District Court factfinding using a "clearly erroneous" standard. ...

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[50] 527 U.S. 150 (1999).

[51] 5 U.S.C. § 706.

> We are not convinced, however, that the presence of the two paths creates a significant anomaly. The second path permits the disappointed applicant to present to the court evidence that the applicant did not present to the PTO. The presence of such new or different evidence makes a factfinder of the district judge. And nonexpert judicial factfinding calls for the court/court standard of review. We concede that an anomaly might exist insofar as the district judge does no more than review PTO factfinding, but nothing in this opinion prevents the Federal Circuit from adjusting related review standards where necessary.[52]

In other words, the findings of fact by the Patent Office are entitled to heightened deference on review, based on a presumption of administrative correctness.[53] But new evidence presented in the district court is not entitled to that deference. By analogy, one wishing to invalidate a patent should have to provide clear and convincing evidence where it is counter to the fact-finding of the patent examiner, but should only have

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[52] 527 U.S. at 164. (citations omitted).

[53] When the Patent Office reviews its own work, such as during the reexamination of an issued patent, there is no presumption of administrative correctness. There is, however, a statutory requirement that "a substantial *new* question of patentability" be raised by the request for reexamination. (35 U.S.C. § 303, emphasis added.) This prevents a requester from simply questioning the examiner's finding and conclusions but imposes no special burden for considering prior art not duplicative of that already considered.

to bear the preponderance of evidence burden normal to civil litigation when new evidence not duplicative of what was considered by the patent examiner is presented.

As noted by the Federal Circuit:

> When an attacker, in sustaining the burden imposed by § 282, produces prior art or other evidence *not* considered in the PTO, there is, however, *no reason to defer* to the PTO so far as *its* effect on validity is concerned.[54]

Does It Make A Difference?

In *Zurko*, it was noted that it may be difficult to find a case where the difference in the standard of review of fact-finding made by the Patent Office makes a difference.[55] That does not seem to be the case with respect to patent litigation.

In its October 2003 report *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, the Federal Trade Commission noted the concern expressed by panelists regarding applying a clear and convincing evidence standard to prior art that the Patent Office never saw.

> Critics questioned whether that combination can be justified. Some noted the disparity between directing the PTO to issue

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[54] *Amer. Hoist & Derrick v. Sowa*, 725 F.2d 1350, 1359 (Fed. Cir. 1984), emphasis in the original.

[55] See 527 U.S. at 162-163.

patents based on an assessment of a mere preponderance of the evidence and subjecting third parties who challenge those patents to a higher standard of proof. Others questioned whether there was a logical basis for extending the presumption or standard to challenges based on prior art that the PTO had never considered. Several of the panelists took a pragmatic perspective, questioning whether the limited examination possible in terms of hours available and ability to probe behind applicants' assertions justified the presumption or the high standard of proof.

Defenders of the presumption and standard urged that a finding of validity by a neutral government agency using a knowledgeable examiner justifies placing a heavy burden on challengers. Some observed that the Federal Circuit has recognized that the challenger's burden is partially discharged when new, material prior art is presented, and argued that any remaining advantages flowing from the presumption and high standard of proof have little, or only a measured, practical effect. Others, in contrast, asserted that the presumption and standard can have compelling effects on both judges and juries. District Judge Ellis worried that the clear and convincing evidence burden may work to

> undermine the role contemplated by the patent system for court challenges to weed out faulty patents.[56]

Commenting on the problem caused by the higher evidentiary standard, the FTC notes:

> To the extent that the clear and convincing evidence standard distorts the litigation process, as some of the panelists indicate, it is a matter for particular concern. Litigation is a mechanism for focusing enhanced attention on those patents that are most likely to hold commercial significance and for weeding out from this group those patents that should not have been granted. If these market-selected inquiries cannot be conducted on a level playing field, there is serious potential for judicially confirming unnecessary, potentially competition-threatening rights to exclude.[57]

Having Two Standards Of Evidence Should Not Substantially Complicate Patent Litigation

Having two standards for evidence presented to invalidate a patent in litigation should not substantially complicate that litigation (any more than patent litigation is already complicated).

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[56] *FTC report*, Chapter 5, pp. 27-28 (footnote references omitted), available at http://www.ftc.gov/os/2003/10/innovationrpt.pdf.

[57] *FTC report*, Chapter 5, p. 28.

This Court's *Graham* test for obviousness indicates that one is not determining a single fact based on clear and convincing evidence, but a number of facts, each of which can have their own evidentiary burden, that form the basis of a conclusion of law regarding validity.

> Under § 103, [1] the scope and content of the prior art are to be determined; [2] differences between the prior art and the claims at issue are to be ascertained; and [3] the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined.[58]

It is likely that, for example, "the scope and content of the prior art" is not a single fact, but a series of facts that describe what each of the prior art references describes. To the extent that fact-finding regarding a particular reference has been made by the Patent Office, it is entitled to deference by requiring clear and convincing evidence that the examiner was incorrect.

However, in many cases the examiner has not made any finding of "the level of ordinary skill in the pertinent art," at least not on the record of the patent examination. In that case, there is no administrative fact-finding to defer to, and the characterization of the person of ordinary skill will be based on the side providing the preponderance of the evidence. It would make little sense to say that the patent owner's characterization of the person of ordinary skill should be accepted unless the opposing side can prove their

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[58] 383 U.S. at 17 (numbers added).

characterization with clear and convincing evidence, if the issue had not been considered by the examiner.

For each finding of fact, it will be necessary to determine whether evidence has been previously considered by the examiner.[59] If it has been, then the presumption of administrative correctness requires that evidence contrary to the fact-finding by the examiner must be "clear and convincing." On the other hand, if the evidence presented has not been considered by the examiner, or is not contrary to the fact-finding of the examiner,[60] no heightened deference is warranted and it must meet the "preponderance of the evidence" standard in civil litigation.

Based on all the findings of fact, each meeting its evidentiary threshold, patent invalidity for obviousness (or other reasons) can then be determined as a matter of law.

As discussed above, in *Zurko* this Court noted a situation where different weight is attached to the evidence depending on whether it is introduced in the Patent Office or in court in a suit seeking the issuance of a patent.[61]

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[59] The evidence presented could either be a prior art reference considered by the examiner, or another prior art reference that is duplicative of the references considered by the examiner. For example, a paper in a scientific journal that duplicates the teaching in a patent considered by the examiner supplies no evidence not considered by the examiner.

[60] The examiner may have discussed only one portion of a reference during the examination of the patent application, making no fact-finding on other portions.

[61] 527 U.S. at 164.

The Federal Circuit hints that the "clear and convincing" evidentiary standard may not really apply for evidence not considered by the examiner.

> Indeed, new prior art not before the PTO may so clearly invalidate a patent that the burden is fully sustained merely by proving its existence and applying the proper law.[62]

In other words, while the burden is still "clear and convincing" evidence, with new prior art it may be easy to convince the court. It would be far better to say that the normal burden of proof in civil litigation – the preponderance of the evidence – also applies in patent litigation *except* for facts already determined by the Patent Office, where the presumption of administrative correctness dictates that clear and convincing evidence will be required.

Promotion Of Sound Policy Objectives

By correcting the lower courts' requirement that all evidence produced to show the invalidity of a patent must meet the heightened "clear and convincing" standard, this Court will also help promote the policy objectives behind a through patent examination.

Because prior art that has been the subject of fact-finding on the part of the examiner during the prosecution will carry a heightened evidentiary requirement for disputing that fact-finding, it will be to the advantage of a patent applicant to bring prior art to the attention of the examiner so that the

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[62] *Amer. Hoist & Derrick v. Sowa*, 725 F.2d 1350, 1359-1360 (Fed. Cir. 1984).

examiner can make a determination that will be hard to rebut in later litigation. But since deference is due only to the fact-finding of the examiner regarding a particular reference, simply burying an examiner with boxes of prior art so that the examiner will note what was submitted on a prior art list will not be given any deference.

In litigation, a party challenging a patent will be encouraged to bring art not considered by the examiner to the court, because no deference will be given for prior art not considered by the examiner, rather than argue about the art that was considered because there will be a heightened evidentiary requirement for prior art that is merely cumulative of the fact-finding by the examiner.

And the owner of a questionable patent will be apprehensive in asserting that patent because there will no longer be the heightened evidentiary requirement for art not considered during the prosecution of the patent application. Whenever a patent is asserted, either in litigation or by a threatening letter, the patent owner is playing "you bet your patent," since if invalidating prior art is successfully proven, the patent claims at issue are declared invalid forevermore.[63] The requirement of showing new and invalidating prior art by "clear and convincing evidence" stacks the deck in favor of

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[63] This is one of the reasons why patent reexamination may not be an option for an alleged infringer of a bad patent. Unlike litigation, where a patent claim is either invalidated or not, in reexamination the patent owner can revise the claim. (The scope of the patent cannot be enlarged, however. See 35 U.S.C. §§ 305 and 314.) This means that a patent owner may be able to narrow the claim so that the new prior art is avoided but it still encompasses the alleged infringing device or act.

the owner of a questionable patent, who will be more willing to assert it.

Even if the owner of the questionable patent is not foolish enough to file an infringement suit, sending a warning letter could be enough to trigger a declaratory judgment action to find the patent invalid, especially if the only requirement for success in such a suit is finding invalidating prior art, not overcoming the high requirement of "clear and convincing" evidence. A more level playing field may be enough to make most "patent trolls" think twice before threatening a company and putting their patents at risk.

Conclusion

Because of the important role in reducing impermissible hindsight in patent prosecution the Federal Circuit's requirement for showing a "suggestion, teaching, or motivation" should be affirmed by this Court as consistent with its *Graham* test for obviousness.

However, for the reasons given above, this Court should vacate the Federal Circuit's holding that KSR "must prove by clear and convincing evidence that each claim that is challenged cannot reasonably be held to be non-obvious."[64]

Respectfully submitted,

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[64] *Teleflex v. KSR*, 119 Fed. Appx. 282, 285 (Fed. Cir. 2005).